

Canada's international climate and biodiversity finance contributions

Recommendation Summary

The collective action of the world will determine how great the impact from climate change will be and how much biodiversity we will lose before we solve the inter-related biodiversity and climate crises. In facing this challenge, nothing is more important than increasing finance flows to lower-income countries for climate action and nature conservation.

The payback from these investments could be enormous, including avoiding much harm to human well-being and nature.

Recommended Investment (with important consideration to how these funds are allocated) [GAC, ECCC]:

- **International Climate Finance: \$3.5 billion in 2025–26 followed by \$20 billion over five years (2026–31)**, with 40% applied to adaptation, 40% to mitigation, and 20% to loss and damage
- **International Biodiversity Finance: \$1 billion per year, ongoing, from 2025–26**

Please note that a more detailed version of this recommendation is available at https://icfcanada.org/docs/GBC_Intl_Climate&Biodiversity_Finance_draft-1d.pdf.

Climate Finance

Globally, annual climate finance flows reached almost USD \$1.3 trillion in 2021-22, a figure that must now increase at least five-fold to avoid the worst impacts of climate change and a doubling of economic losses due to climate change—losses that greatly exceed the finance needs.³⁸

Despite the large potential for climate action in developing countries, less than 3% of the global finance mobilized in 2021-22 went to or within least developed countries, while just 15% went to or within emerging markets and developing economies excluding China.³⁹

A five-fold increase in international climate finance

38 Climate Policy Initiative. (2023) Global Landscape of Climate Finance 2023. <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/>

39 Ibid.

would mean a commitment from developed countries of USD \$500 billion or more annually. Canada's share, according to an analysis in 2021, is 4.153%.⁴⁰ Applying this percentage to USD \$500 billion, Canada's share is CAD \$28 billion annually (from public and private sources).

Scaling up from Canada's current commitment of \$5.3 billion over five years will take time. The Green Budget Coalition took this into account in making its recommendation.

Priorities in Applying Climate Finance:

- Least-developed countries and vulnerable populations
- Adaptation
- Agriculture, forestry and other land use, and industry
- Indigenous people (who face severe threats to their lands and are important allies in reducing tropical deforestation and loss of other natural ecosystems)
- A higher proportion as grants vs. loans
- Climate Loss and Damage Fund: a substantial contribution is needed from Canada

Climate and biodiversity finance should not be done at the expense of other forms of development assistance but should be administered as a distinct allocation in a transparent International Assistance Envelope.

Biodiversity Finance

Target 19 of the Kunming-Montreal Global Biodiversity Framework commits Parties to provide at least USD \$20 billion a year to developing countries by 2025, increasing to at least USD \$30 billion a year by 2030.

To apportion responsibility, a study assessed each

40 Colenbrander, S., Cao, Y., Pettinotti, L. and Quevedo, A. (2021) A fair share of climate finance? Apportioning responsibility for the \$100 billion climate finance goal. ODI Working Paper. London: ODI (www.odi.org/en/publications/a-fair-share-of-climate-finance-apportioning-responsibility-for-the-100-billion-climate-finance-goal).



Photo: Scott Hecker

developed country's fair share based on three factors: (i) each country's historic responsibility for biodiversity depletion measured by ecological footprint⁴¹ over the past 60 years, (ii) capacity to pay, measured by gross national income, and (iii) population.⁴²

Based on a pool of 28 countries that are members of the OECD Development Assistance Committee, the report assesses Canada's share at USD \$1.24 billion annually, or 6.18% of the total. The report gives a figure for Canada of 3.78% if the United States (which is not a Party to the Convention on Biological Diversity) is included. The Green Budget Coalition bases its recommendation on the latter figure.

41 Ecological footprint is measured in global hectares as fishing grounds, built-up land, cropland, grazing land, forest products, and forest carbon uptake (area of forests needed to sequester anthropogenic carbon emissions). It is trade-adjusted and corresponds to a country's consumption on its own territory, minus what it exports, plus what it imports.

42 Pettinotti, L., Cao, Y., Kamninga, T. and Colenbrander, S. (2024) A fair share of biodiversity finance? Apportioning responsibility for the \$20 billion target by 2025. ODI Working Paper. London: ODI (<https://odi.org/en/about/our-work/a-fair-share-of-biodiversity-finance>)

Priorities in Applying Biodiversity Finance:

- **Directing funds to local organizations:** Most of Canada's biodiversity aid is multilateral. Canada could complement this by funding highly cost-effective conservation action by locally based conservation organizations who lack the capacity to obtain grants from multilateral agencies. This can be done by funding conservation charities that specialize in working with such organizations.
- **Meeting finance needs for existing protected areas:** The widespread and serious problem of "paper parks" can be addressed through contributions from Canada to finance mechanisms for public protected areas such as the Legacy Landscapes Fund and the Fondation pour les Aires Protégées et la Biodiversité de Madagascar.

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